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# **MONTGOMERY WARD**

**Sixty-first Annual Report**

**Fiscal Period Ended**

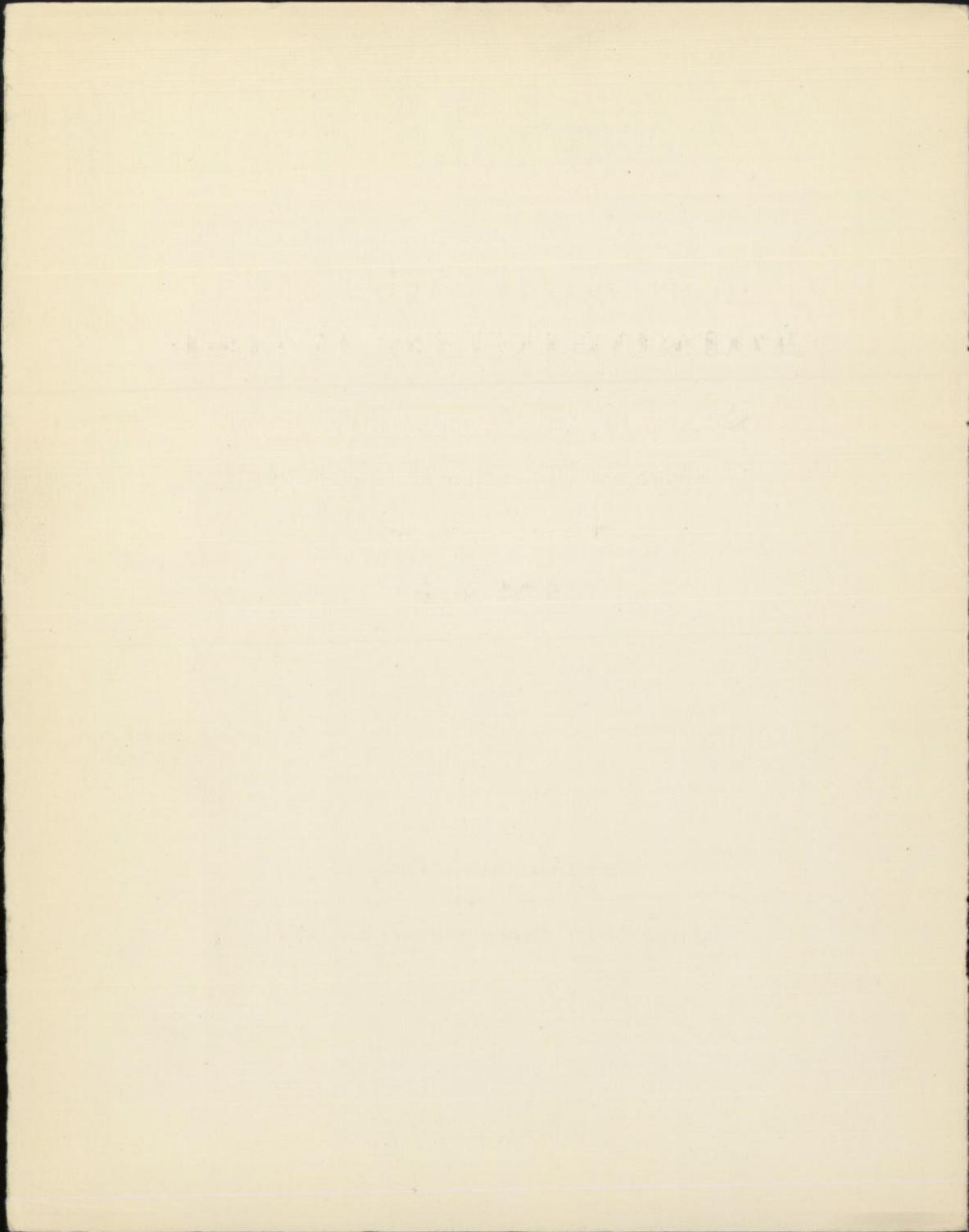
**January 31**

**1933**

BOARDS

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MONTGOMERY WARD & CO.,  
INCORPORATED

*Sixty-first Annual Report*

*Fiscal Period Ended January 31, 1933*

Chicago, March 27, 1933

*To the Stockholders of  
Montgomery Ward & Co.:*

To secure the advantages of taking inventories at a period most favorable to retail merchandising, the Company has changed its business year to end January 31. The financial accounts herewith presented are for the thirteen months ended January 31, 1933.

The operations of the Company for the thirteen months show a loss of \$5,686,783.75 as compared with a loss of \$9,737,083.08 for the thirteen months ended January 31, 1932. Sales declined from \$210,945,672.00 to \$176,488,690.00 or \$34,456,982.00 equivalent to 16.33%.

The financial position of the Company is strong. Current assets at January 31, 1933 (excluding first mortgage notes on homes sold, heretofore shown as a current asset) were \$83,460,366.06 against current liabilities of \$7,140,395.41—a ratio of 11.7 to 1.

Cash and marketable securities amounted to \$27,823,967.08. Inventories, valued at cost or market

prices, whichever lower, are larger than a year ago, having been built up in accordance with revised merchandising policies.

The 99,764 shares of common stock held in the treasury consist of 50,586 shares acquired prior to 1932, of which 43,117 were re-purchased from employees at cost to them plus 5% interest in accordance with contracts of sale. The remaining 49,178 shares were purchased in the open market at an average cost to the Company of \$8.43 per share. These are substantially all of the block of 100,000 shares of the Company's common stock on which your President was granted an option at \$11.00 per share, under the arrangement made when he came with the Company.

Adequate reserves have been made for all known losses and liabilities. The balance sheet at January 31, 1933, is conservatively stated.

Respectfully submitted,

SEWELL L. AVERY,  
*President*

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**Montgomery Ward**  
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Consolidated Balance S

**ASSETS**

**Current Assets:**

Cash .....	\$ 9,300,907.53
Marketable securities—at cost—	
United States Government securities ....	\$ 16,988,085.81
Other securities.....	1,534,973.74
(Market value at January 31, 1933—	18,523,059.55
\$18,434,241)	
Receivables—less reserves—	
Customers'—time payment (average terms ten months) and charge accounts .....	\$ 13,848,761.23
Vendors' accounts and claims receivable	1,038,080.68
Merchandise inventories, certified by man- agement as to quantities and condition, valued at cost or market, whichever lower	40,749,557.07
Total current assets.....	\$ 83,460,366.06

**First Mortgage Notes and Investments—**

at estimated realizable values:

Notes and land contracts on homes sold (due in installments) and homes held for resale .....	\$ 10,628,930.38
Investments .....	493,837.70

11,122,768.08

**Prepaid Spring Catalogue Costs,  
Supplies, Insurance, Etc.....**

2,632,046.10

**Fixed Assets:**

Land .....	\$ 5,923,571.08
Buildings .....	\$ 29,867,545.80
Fixtures and equipment ...	21,215,420.87
	\$ 51,082,966.67
Less—	
Reserve for depreciation	13,718,695.00
Leasehold improvements—less amortization	37,364,271.67 1,052,934.44 44,340,777.19 \$141,555,957.43

# & Co., Incorporated

CORPORATION)

Sheet—January 31, 1933

## LIABILITIES

### Current Liabilities:

Accounts payable .....	\$ 4,079,442.48
Due customers .....	1,033,324.51
Accrued expenses .....	1,833,028.42
Maturities on long term debt, due within one year .....	194,600.00
Total current liabilities .....	\$ 7,140,395.41

### Long Term Indebtedness due serially:

Purchase contract—Chicago Administration Building — and first mortgage bonds (current maturities above)	2,024,000.00
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General Reserves .....	2,688,576.35
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### Capital Stock and Surplus:

Capital stock—	
Authorized—	
Class "A"—\$7 per share non-callable cumulative—	
205,000 shares of no par value (On liquidation receives \$100 per share)	
Common—	
6,000,000 shares of no par value	

Outstanding—	
Class "A"—	
201,554 shares, after deducting 3,446 shares in treasury—dividends in arrears to January 31, 1933, \$1,175,731.67.	}\$121,232,141.44
Common—	
4,465,240 shares, after deducting 99,764 shares in treasury under option.	

Earned surplus .....	8,470,844.23	129,702,985.67
		\$141,555,957.43

# **Montgomery Ward & Co., Incorporated**

## **Consolidated Income Account For the Thirteen Months Ended January 31, 1933**

Net Sales.....	\$176,488,690.00
Less—	
Cost of goods sold (including inventory write-downs) and all other expenses except depreciation.....	\$178,839,278.27
Depreciation (including amortization of leasehold improvements— \$340,586.52).....	<u>3,247,965.37</u> <u>182,087,243.64</u> \$ 5,598,553.64
Deduct—	
Interest and dividends on securities...	<u>769,444.83</u> \$ 4,829,108.81
Add—	
Loss on sale of securities acquired in prior years.....	857,674.94
Net Loss.....	<u>5,686,783.75</u>

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### *Auditors' Certificate*

*To the BOARD OF DIRECTORS,  
Montgomery Ward & Co., Incorporated:*

We have examined the accounts of MONTGOMERY WARD & CO., INCORPORATED (an Illinois corporation) and its SUBSIDIARIES, for the thirteen months ended January 31, 1933 and, in our opinion, the accompanying consolidated balance sheet, income, earned surplus and general reserve accounts correctly present the consolidated financial position of the companies at January 31, 1933, the results of operations and the changes in surplus and general reserve accounts for the thirteen months ended that date.

ARTHUR ANDERSEN & CO.

Chicago, Illinois,  
February 25, 1933.

# Montgomery Ward & Co., Incorporated

## Consolidated Earned Surplus Account For the Thirteen Months Ended January 31, 1933

Balance January 1, 1932.....		\$ 14,514,582.48
Less—		
Loss from operations for the period....	\$ 5,686,783.75	
Dividends paid on class "A" stock (first quarter 1932).....	356,954.50	6,043,738.25
Balance January 31, 1933.....		\$ <u>8,470,844.23</u>

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## Consolidated General Reserves For the Thirteen Months Ended January 31, 1933

Balance January 1, 1932.....		\$ 6,510,051.52
Add—		
Provisions made through charges to income account (net).....		349,246.18
		\$ <u>6,859,297.70</u>
Less—		
Cost of closing and relocation of stores, etc.....	\$ 2,374,689.73	
Allocated to specific assets—		
First mortgage notes and investments.....	\$ 1,631,200.00	
Other assets.....	164,831.62	1,796,031.62
Balance January 31, 1933.....		\$ <u>4,170,721.35</u>
		\$ <u>2,688,576.35</u>

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## Record of Net Sales Years Ended December 31

1932 (13 Months) ..	\$176,488,690	1927.....	\$186,683,340
1931.....	200,400,193	1926.....	183,800,865
1930.....	249,097,223	1925.....	170,592,642
1929.....	267,325,503	1924.....	150,045,065
1928.....	214,350,446	1923.....	123,702,043

# **Montgomery Ward & Co., Incorporated**

## **DIRECTORS**

**SEWELL L. AVERY, Chairman**

**DAVID A. CRAWFORD  
HARRY P. DAVISON  
GEORGE B. EVERITT  
CHARLES F. GLORE  
HARRY E. HUGHES**

**D. R. McLENNAN  
JACKSON E. REYNOLDS  
THOMAS P. RIORDAN  
CHARLES H. SCHWEPPPE  
SILAS H. STRAWN**

## **OFFICERS**

<b>SEWELL L. AVERY.....</b>	<i>President</i>
<b>SILAS H. STRAWN .....</b>	<i>Chairman, Executive Committee</i>
<b>WALTER G. BAUMHOGGER.....</b>	<i>Vice-President</i>
<b>R. H. FOGLER.....</b>	<i>Vice-President</i>
<b>WALTER HOVING.....</b>	<i>Vice-President</i>
<b>HARRY E. HUGHES.....</b>	<i>Vice-President</i>
<b>DAVID T. WEBB.....</b>	<i>Vice-President</i>
<b>ROBERT G. BEAR.....</b>	<i>Treasurer</i>
<b>A. D. CHURBUCK.....</b>	<i>Assistant Treasurer</i>
<b>GEORGE W. VAUGHT.....</b>	<i>Assistant Treasurer</i>
<b>THOMAS P. RIORDAN.....</b>	<i>Secretary</i>
<b>STUART S. BALL.....</b>	<i>Assistant Secretary</i>

## *Transfer Agents*

**MONTGOMERY WARD & CO., INCORPORATED, CHICAGO, ILL.**

**MONTGOMERY WARD & CO., INCORPORATED, NEW YORK, N. Y.**

## *Registrars*

**FIRST UNION TRUST & SAVINGS BANK, CHICAGO, ILL.**

**THE FIRST NATIONAL BANK, NEW YORK, N. Y.**

